

GOVERNMENT OF NATIONAL CAPITAL TERRITORY OF DELHI
DIRECTORATE OF EDUCATION
(PRIVATE SCHOOL BRANCH)
OLD SECRETARIAT, DELHI-110054

No. F. DE-15/ACT-I/WPC-4109/PART/13/ 891

Dated: 4/9/2017

ORDER

Whereas, the request of Doon Public School, B-2, Paschim Vihar, Delhi for increase in fee for the academic session 2016-17 was rejected by Director (Education) vide order No.F.DE.15/Act-1/WPC-4109/PART/13/286-290 dated 27.12.2016 with the specific direction to rectify the deficiencies as illustrated in the said order and submit compliance report to Dy. Director of Education concerned within thirty days.

And whereas, the Director (Education) had referred to the representation of Doon Public School against the fee hike rejection order of this Directorate and had decided to give an opportunity to the school to be heard in person.

And whereas, a committee was constituted to hear the case of the school in detail with a view to assist the Director of Education to dispose of the representation.

And whereas, in this connection, an opportunity of being heard was provided to the Manager/HoS of Doon Public School on 19.05.2017 at 09.45 AM at Conference Hall, Ludlow Castle School Sports Complex, Civil Lines, Delhi-110054.

And whereas, the submissions of the schools were heard by the above said committee on 19.05.2017 at 09.45 AM and during the hearing, the issues raised in the representation of the school were discussed at length. The submissions made by the school are taken on record and analyzed in accordance with the provisions of Delhi School Education Act and Rules, 1973 and directions issued there-under.

Financial discrepancies:-

S. No.	Detail of discrepancy	Submissions of the school	Remarks
1.	The school has been making ESIC/PF payments for the staff of Abhinav Shiksha Sansthan, the parent society. The school has commented that the amount shall be recovered from the society later but such amount is not shown as recoverable in the financials of the school. The school is also having an unsecured loan of Rs.50,000	The school has recovered Rs. 12,255 on 28.11.16 and Rs. 2,72,000 on 21.12.16 from the society against the payments made on behalf of society. The balance shall be recovered before the closing of financial year. Rs. 50,000 is the amount of loan given to school by society and it has been paid back on 28.01.17 vide Chq no. 000063.	The school is directed not to use school funds for society or any other entity. Also, school is directed to recover the balance amount within 60 days from

	receivable from the society.		the date of issue of this order. The compliance shall be verified at the time of next fee increase proposal of the school, if any.
2.	All the payments made by the parents are shown in the books of accounts, except ABACUS Fees, payments collected for school trip, school ID cards, photographs of the functions/ fest held and cost of the costumes on functions etc.	<p>No fee is charged from the students in the name of Abacus.</p> <p>Payment for school trip is directly collected from the students and paid to the tour operators.</p> <p>The expenditure for ID card is made from the students in the head Diary, Syllabus, fee book, report card, I Card etc which is duly taken into books of accounts.</p> <p>The photograph is being developed by the photographer. In case any student requires his/her photograph, he/she may directly contact the photographer. No money is charged by the school on this account.</p> <p>No money is collected from the students for function/ fete. All the expenses on this account are made by school.</p>	Accepted by school.
3.	As per clause 4 of Order No. DE/15 /150 /ACT /2010 /4854-69 dated 09.09.2010, after the expiry of 30 days, the un-refunded Caution Money belonging to the ex-students shall be reflected as income for the next financial year and it shall not be shown as liability. Further, this income shall also be taken into account while projecting fee structure for	The school has stopped charging caution money from 2007-08. The unclaimed caution money has been included as income in the current FY 2016-17. The balance remained is against for the students still studying in the school.	The school is directed to follow DoE instructions in this regard. Compliance shall be verified at the time of next fee increase proposal of the school, if any.

the ensuing Academic year. Though the school has stopped taking caution money from F.Y. 2007-08, Rs.9,84,015 is remaining amount of deposit with the school. Thus, the amount belonging to the ex- student should be either refunded or treated as income.		
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Other discrepancies:

S. No	Detail of discrepancy	Submissions of the school	Remarks
1.	School does not follow any procurement process for entering into major contracts.	The school is following procedure of calling comparative rates for all major works. However, proper due care will be taken in future for petty contracts.	The school is directed to implement proper procedure for procurement of goods and services. Compliance of the same shall be verified at the time of next fee increase proposal of the school, if any.
2.	The school has delayed depositing its statutory dues of TDS, ESIC and EPF in most cases. Penalty and interest on such delays are not deposited at the time of payment of statutory dues but are booked only when the demand is received from the department.	The timely payment of TDS/ ESIC/ EPF could not be made due to shortage of funds. Also, on an average 25 to 30% fee remain unpaid in each month which also contributes to non-payment of statutory dues.	The school is directed to deposit its statutory dues within the stipulated time.
3.	The school has not deducted ESIC on payments made towards contractor's fees and casual workers (Teaching/non-teaching).	ESIC for contractors labour is not feasible. Even sometimes labour is engaged by the contractor for one or two days.	The school is directed to comply with all applicable statutory provisions.
4.	The school has not created any fund for gratuity. Provision for Gratuity is being made on estimate basis which is not as per AS-15 issued by ICAI which states that actuarial valuation has to be done. Moreover, gratuity is	Gratuity fund shall be maintained from next year. As per actuarial valuation report, Gratuity liability was Rs. 64,85,772/- as on 31.03.16.	School has accepted to comply the same in future. Compliance of the same shall be verified at the time of next fee increase proposal of the school, if any.

	being paid to the retiring staff on the calculation based from 2003 onwards. Disputes are also pending in court against some of these payments.		
5.	The school has earned profit on earmarked levies collected by the school for specific purpose like animation fees, transport etc. leading to non-compliance of Clause 6 of Order No. DE15/ Act/ Duggal.Com /203 /99 /23033-23980 dated 15.12.1999 which states that earmarked levy will be calculated and collected on 'no profit no loss' basis and spent only for the purpose for which they are being charged.	Earmarked levies are charged on 'no profit no loss' basis. Extra electricity, back up costs, service costs cannot be aggregated and was not charged from these accounts.	The school should follow DoE instructions in this regard and accordingly, user charges should be charged on 'no profit no loss' basis. Also, proper accounts should be maintained for each earmarked levy.
6.	The school has not maintained its fixed asset register properly. Depreciation is also not being charged by the school.	The fixed assets register has been maintained from the current financial year and the depreciation is duly charged.	School is directed to prepare its Fixed Assets Register in proper format so as to disclose name, type, quantity/ units, purchase amount, depreciation, location, etc., of the fixed assets so as to protect the fixed assets effectively. The compliance shall be reviewed at the time of next fee increase proposal, if any.
7.	In its 2016-17 Budget, has proposed to increase the lease rent from Rs.16,951/- to Rs. 20,000/- which is not as per the agreement.	The lease rent is Rs. 16,951/- and is wrongly shown at Rs. 20,000/- in the budget.	Contention of school is accepted considering the non-materiality of the issue.
8.	The school is not complying with Clause 14 of Order No. F.DE./15 (56) /Act /2009 /778 dated 11/02/2009 which requires the schools to maintain depreciation reserve fund equivalent to the depreciation charged to the revenue account in order to	The development reserve fund has not been created because we have capitalize the assets and not fully written off the assets during the year of purchase. Also, expenditure on purchase	Improper response. The school is directed to follow Clause 14 of Order No. F.DE./15 (56) /Act /2009 /778 dated 11/02/2009 in letter and spirit for treatment and utilization of

<p>collect development fund. Also development Fees has been used for purposes other than purchase, up-gradation and replacement of furniture, fixtures and equipment. The table below gives the details of improper utilisation of development fees:-</p> <table border="1" data-bbox="321 638 743 1142"> <thead> <tr> <th>Year</th> <th>2013-14</th> <th>2014-15</th> <th>2015-16</th> <th>Total</th> </tr> <tr> <th>Particulars</th> <th>Amount</th> <th>Amount</th> <th>Amount</th> <th></th> </tr> </thead> <tbody> <tr> <td>Repairs & Maintenance of building</td> <td>8,19,725</td> <td>12,83,886</td> <td>26,90,656</td> <td>47,94,267</td> </tr> <tr> <td>Toilet renovation</td> <td>-</td> <td>66,26,715</td> <td>35,31,556</td> <td>1,01,58,271</td> </tr> <tr> <td>Sports Block Renovation</td> <td>-</td> <td>9,53,449</td> <td>-</td> <td>9,53,449</td> </tr> <tr> <td>Purchase of school bus</td> <td>27,32,786</td> <td>-</td> <td>-</td> <td>27,32,786</td> </tr> <tr> <td>Pre-primary block renovation</td> <td>24,93,175</td> <td>31,000</td> <td>5,18,148</td> <td>30,42,323</td> </tr> <tr> <td>Total</td> <td>60,45,686</td> <td>88,95,050</td> <td>67,40,360</td> <td>2,16,81,096</td> </tr> </tbody> </table>	Year	2013-14	2014-15	2015-16	Total	Particulars	Amount	Amount	Amount		Repairs & Maintenance of building	8,19,725	12,83,886	26,90,656	47,94,267	Toilet renovation	-	66,26,715	35,31,556	1,01,58,271	Sports Block Renovation	-	9,53,449	-	9,53,449	Purchase of school bus	27,32,786	-	-	27,32,786	Pre-primary block renovation	24,93,175	31,000	5,18,148	30,42,323	Total	60,45,686	88,95,050	67,40,360	2,16,81,096	<p>of fixed asset is fully allowed on utilization of funds to the society as per Income Tax Act, 1961.</p>	<p>development fee. School is not allowed to utilise development fee for purchase of buses and buses can be purchased out of accumulated surplus generated out of Transport Fee/General Reserve. No Development Fee is to be charged w.e.f. 2017-18, unless the above said directions are complied with.</p>
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<p>9. Following findings were noted by inspection of top 200 payments made by the school: -</p> <p>1. Expenses like Cost of Hardware, Purchase of Air Conditioner which are to be capitalised are treated as Revenue Expense.</p>	<p>The same shall be effected in the coming financial year.</p>	<p>School should rectify its mistake. Compliance shall be verified at the time of next fee increase proposal of the school, if any.</p>																																								
<p>2. School made a donation of Rs.11,00,000 in the F.Y 2013-14 for which no proof was provided. Also, it cannot be commented upon whether it is a related party transaction. Further, because of this expenditure, there was</p>	<p>Donation was made to another charitable institution which is fully engaged in educating the poor and downtrodden.</p>	<p>As per the provisions of DSEA & R, 1973, the school is not allowed to donate any amount to other Charitable institution. School is directed to recover the amount from the society within 60 days from the date of issue of this order.</p>																																								

	a loss Rs.54,387 in F.Y. 2013-14 instead of a profit of Rs.10,45,613		
	3. Rs. 1,86,590 is paid to Naveen Kumar on 29.05.2014 for photographers & video etc. under the head Activity expense. Bills related to it do not have dates & some bills are related to year 2012 & 2013.	Mr. Naveen Kumar has not submitted his bills on time.	School should ensure that bills are submitted on time by vendors/ staff and paid accordingly. Compliance shall be verified at the time of next fee increase proposal of the school, if any.
	4. School has booked the expense of Rs.3,50,000 in F.Y 2013-14, Rs.2,80,000 in F.Y 2014-15 & Rs.5,01,000 in F.Y 2015-16 in the name of Usha Batra for providing tent, chair, table etc., in the functions. The authenticity of these bills is questionable.	The expenditure for providing tent, chair, table, etc. in the functions provided to Ms. Usha Batra are genuine and TDS on these payments has been deducted and duly deposited.	Contention of school is accepted considering the non-materiality of the issue.
	5. Rs.1,95,500 is paid to Dhiraj S. Aggarwal for activity expense on 18.03.2016 for which no bill is found.	Copy of bill for Rs. 1,95,000/- was shown to the inspecting team and is also enclosed herewith.	Contention of school is accepted considering the non-materiality of the issue.
	6. Sports equipment of Rs.1,95,273 purchased on 27.08.2014 booked as revenue expense under the head sports expense. The above is impacting the profit and thus rectifications have to be done by the school.	Sports equipments purchased on 27.8.14 for Rs. 1,95,273 were all consumables like football, volleyball, shuttle cock, etc. are consumables.	Contention of school is accepted considering the non-materiality of the issue.

And whereas, after going through the representations dated 21.03.2017 and submissions made by the school during the hearing held on 19.05.2017 as well as financial statements/budget of the school available with this Directorate, it emerges that:-

The school is having a surplus of Rs. **3,31,569/-** as per the following details:-

Particulars	Amount (Rs)
Cash and Bank balances as on 31.03.16 as per Audited Financial Statements	13,23,637
Investments as on 31.03.16 as per Audited Financial Statements	0
Rs. 11,05,438	
Less: Investments made in compliance of Various Statutory requirements	<u>Rs.11,05,438</u>
Balance	-
Add: Amount recoverable as Donation given to other Society	11,00,000
Add: Amount already recovered from Society against expenditure incurred	2,84,255
Total	27,07,892
Less: Development Fund	Rs.7,01,881
Less: Allowable Capital Expenditure Balance	<u>Rs.7,01,881</u>
	-
Less: Depreciation Reserve Fund#	0
Available Funds	20,06,011
Fees for 2015-16 as per Audited financial statement (We have assumed that the amount received in 2015-16 will at least accrue in 2016-17)	9,39,53,556
Other income for 2015-16 as per financial statement	1,60,10,121
Estimated availability of funds for 2016-17	11,19,69,688
Less: Budget expenses for the session 2016-17 as submitted by school management*	11,16,38,119
Net Surplus	3,31,569

#In the balance sheet of the school for FY 2015-16, depreciation reserve fund is nil.

*Details of capital expenditure on building renovation and buses is not specified in the budget and hence, these are not considered in above calculations.

And whereas, in view of the above examination, it is evident that the school is having meagre liquid funds to meet the financial implications for the financial year 2016-17.

And whereas, the school proposal for fee increase for the session 2016-17 was earlier declined vide order dated 27.12.2016, on the ground that the school had sufficient funds. During the course of hearing, the school has represented that it do not have adequate funds and it shall not be able to manage its operational expenses for the year from the available funds.

And whereas, it is noticed that the school funds had donated Rs. 11 lacs to another charitable institution and also, had utilised its funds for making payments on behalf of the society. These amounts are to be recovered from Society. The deposits receipts along with copy of bank statements showing receipt of above mentioned

amount should be submitted with DoE, in compliance of the same, within sixty days from the date of issuance of this order. Non-compliance of this shall be taken up as per DSEA & R, 1973.

And whereas, as per clause 22 of Order No. F.DE./15 (56) /Act /2009 / 778 dated 11/02/2009, user charges should be collected on no profit and no loss basis and should be used only for the purpose for which these are collected. Accordingly, the school is advised to maintain separate fund in respect of each earmarked levies charged from students in accordance with the DSEA & R, 1973 and orders, circulars, etc., issued there under. If there are large surpluses under any earmarked levy collected from the students, the same shall be considered or adjusted for determining the earmarked levy to be charged in the next academic session.

And whereas, as per clause No. 14 of Order No. F.DE./ 15(56)/ACT/2009/778 dated 11.02.2009, 'Development Fee, not exceeding 15% of the total annual tuition fee may be charged for supplementing the resources for purchase, up-gradation and replacement of furniture, fixture and equipment. Development Fee, if required to be charged, shall be treated as capital receipt and shall be collected only if the school is maintaining a depreciation reserved fund, equivalent to the deprecation charged in the revenue accounts and the collection under this head along with and income generated from the investment made out of this fund, will be kept in a separately maintained development fund account.' Accordingly, school is advised to maintain separate development fund and utilized the same strictly in accordance with the DSEA & R, 1973 and orders, circulars, etc., issued there under.

And whereas, it is evident that the school is not maintaining depreciation reserve fund as stipulated in clause 14 of Order No. F.DE./15 (56) /Act /2009 / 778 dated 11/02/2009. The school has neither built up reserves nor have investments and yet continues to incur and budget capital expenditure. This has led to the irregular inclusion of capital expenditure as a part of fee structure. Hence, development fee already charged @15% has in reality been used for other purposes, and in effect already tantamount to a hike on tuition fee. School shall not be allowed to charge development fee in future, if it does not maintain Depreciation Reserve Fund.

And whereas, these recommendations alongwith relevant materials were put before Director of Education for consideration and who after considering all the material on the record has found that the school has meager liquid funds to meet the financial implications for the financial year 2016-17 and the representation dated 21.03.2017 and subsequent submissions made thereafter in this regard find merit in respect of sanction for increase in fee and hereby accepted on the basis of above mentioned observations. Further, it has been decided by the Director (Education) to allow the school to increase the existing fee by 5% for the session 2016-17.

Accordingly, it is hereby conveyed that the representations for fee hike of Doon Public School, B-2, Paschim Vihar, Delhi, has been accepted by the Director of


Education and the school is hereby allowed to increase the existing fee by 5% for the session 2016-17.

Further, the management of said school is hereby directed under section 24(3) of DSEAR 1973 to comply with the following directions:

1. Compliance of all the instructions as mentioned in the order dated 27.12.16 will be seen/examined during the scrutiny of fee hike proposal for session 2017-18, if any.
2. In the light of Judgment of Modern School vs Union of India, the salaries and allowances shall come out from the fees whereas capital expenditure will be a charge on the savings. Therefore it is to be ensured not to include capital expenditure as a component of fee structure to be submitted by the school under section 17(3) of DSEA&R, 1973.
3. The fee should be utilised as per letter and spirit of Rule 177 of the DSEA & R, 1973 and the judgement of the Hon'ble Supreme Court in the case of Modern School Vs Union of India (2004).

Non compliance of the order shall be viewed seriously.

This issues with the prior approval of the Competent Authority.


(Yogesh Pratap)
Deputy Director of Education
Private School Branch
Directorate of Education

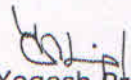
To
The Manager/HoS
Doon Public School,
B-2, Paschim Vihar, Delhi.

No. F. DE-15/ACT-I/WPC-4109/PART/13/ 891

Dated: 4/9/2017

Copy to:-

1. P.S. to Secretary (Education), Directorate of Education, GNCT of Delhi.
2. P.S. to Director (Education), Directorate of Education, GNCT of Delhi.
3. P.A. to Addl. Director of Education (Private School Branch), Directorate of Education, GNCT of Delhi.
4. DDE concerned
5. Guard file.


(Yogesh Pratap)
Deputy Director of Education-1
Private School Branch
Directorate of Education